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Jude S. Hehman

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MEMORANDUM

To: Members of City Council and Department Heads
From: Mayor Jude Hehman
Date: May 31, 2019
Subject: Budget Message

You have previously received a draft copy of the original budget for fiscal year ending June 30, 2020. Please allow this memorandum to serve as my budget message.

My goal is to present a balanced budget that is not only focused on providing a high level of service for our residents but one that is also fiscally responsible. While this budget does not reflect a property tax increase or the utility franchise fee, there are two specific needs that are going to require us to consider these options. First, our pension contributions are increasing exponentially the next several years. The City will be paying at least \$500,000 more in pension contributions in 4 years compared to the 2017-18 fiscal year. While the payroll tax increases this year will cover some of these costs, next year we will have to look at other revenue sources to compensate for this increase.

Secondly, providing fire service is one of our essential responsibilities. It is important to have a professional fire department that is adequately staffed to serve our residents as well as those cities that contract with us. It takes a minimum of five fire/ems staff to get an ambulance and fire truck out for an emergency. We have been steadily moving towards this goal since 2014 and will continue to work towards increasing the staffing model to five during all shifts. However, this will require us to take a deep dive into all revenue options available to us to accomplish this.

The two issues outlined above are going to fiscally constrain us in the future, but this budget still includes key goals for economic development, infrastructure improvements and beautification. Planned and conscientious development in the former Drawbridge, Remke, and Average Joes properties will ensure some increase in revenue while providing the types of uses desirable in our community.

I ask for your continued support as we work through the upcoming fiscal challenges facing our City. With that, below is an outline of the proposed budget for FY 2019-20.

General Fund

Revenues

The property tax rate is budgeted at the compensating rate and no utility franchise fee is instituted. Payroll tax revenue is budgeted to increase approximately \$242,000 based on a 1.25% payroll tax rate which was implemented January 1st. These revenues will assist in covering the additional retirement costs.

General & Administration Department

The administration department's budget has decreased 7%. The City Clerk and Treasurer position has been combined while replacing the part-time administrative assistant position. The Tree Board coordinated a comprehensive tree replacement plan for Dixie Highway and Edenderry. They have requested an investment of \$25,000 this year to continue working on these projects and that is included in this budget.

Police Department

The police department budget includes continued staffing of the department with 15 officers to maintain adequate road coverage, a D.A.R.E program at both Fort Mitchell schools and a School Resource Officer at Beechwood School, which has been partially funded by Beechwood. Monies for three crossing guards is also provided due to safety concerns that have been repeatedly expressed by residents for their children crossing Dixie Highway. The budget also includes \$15,000 replacement of personal protective equipment and ten ballistic vests that are expiring. Forfeiture funds will be used to purchase \$7,500 of active shooter response gear.

Fire Department

The fire departments budget includes taking another step towards increasing staffing around the clock to five employees and an additional 1-2 employees during business hours, when the run volume is highest. A volunteer recruitment program will continue to provide additional coverage. \$20,000 has been budgeted for hose replacement.

Public Works Department

The public works budget includes streetscape and beautification for the Beechwood/Dixie Highway Corner, downtown planters and planning for the north gateway area. LED and/or solar lights will be implemented as a trial along a small portion of a roadway to analyze costs and benefits.

Recreation Department

The program coordinator will continue to provide events and activities that appeal to large groups, to achieve the largest return on investment. The program includes four large community events, a robust summer recreation program and many smaller events that are typically held in partnership with other organizations and businesses.

Municipal Road Aid Fund

The City has budgeted for normal road maintenance and snow removal, as well as, \$400,000 for an Orphanage Road sidewalk, \$105,000 for the Bromley/Crescent Springs road project with Kenton County, \$15,000 for a Beechwood Road (by the school) safety project, \$40,000 for Beechwood Road (Grandview to Ft. Mitchell Place) sidewalk.

Park Fund

The Park board will be improving General Ormsby Mitchell Park based on resident feedback. These improvements include additional parking, realigning the baseball field, developing a walking trail, a new service building and constructing a new pavilion.

Road Tax Fund

Maintaining roads is always a priority of the City. This budget includes resurfacing of Highland Avenue, Oak Street, Coleman Avenue, Virginia Avenue and Anthony Lane; reconstruction of West Orchard, Pieck Lane and some Dixie Highway curbs. The City will continue to reserve funds for a study and design plan for a Buttermilk-Orphanage realignment by the State. This alignment plan would reduce dangerous traffic situations that currently exist while allowing for well-planned business and residential development.

Capital Fund

The Capital Replacement Fund includes sidewalk repairs, fire fighter dorms, replacing old HVAC systems, gym equipment and windows, artwork, public works fence, council room technology and public works garage planning expenses. The budget also includes purchase of two police vehicles, one fire pickup truck, two public work's maintenance trucks and a street sweeper that the City shares with Edgewood. Public works radios for the upgraded Northern Kentucky system are also included. The City will continue to plan for future capital purchases and annually contribute to the Capital Replacement Fund to keep the city fiscally strong.

Conclusion

The City has been vigilant in maintaining a healthy fund balance (3-6 months) as recommended by our auditors, so that the City can better deal with economic down turns and unexpected expenditures. As a city, we provide services that are of the highest quality that makes Fort Mitchell one of the most desirable cities to live in. I am presenting a fiscally responsible budget that allows us to strengthen our community through targeted investments. Thank you for reviewing and considering the information and issues contained in my report. I look forward to discussing the budget with you.

Respectfully,

Jude Hehman
Mayor